

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0352-01
Bill No.: HB 265
Subject: Alcohol; Public Safety Department
Type: Original
Date: January 29, 2013

Bill Summary: This proposal allows certain organizations who sell intoxicating liquor by the drink at retail or on their premises to obtain a special permit to remain open until 3:00 a.m. each day and to open on Sundays at 9:00 a.m.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	\$59,250	\$71,100	\$71,100
Total Estimated Net Effect on General Revenue Fund	\$59,250	\$71,100	\$71,100

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	\$148,125	\$177,750	\$177,750

RS:LR:OD

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Alcohol and Tobacco Control (ATC)** state Section 311.090 currently provides for a license type for tax exempt organizations to obtain an intoxicating liquor by the drink at retail for consumption on the premises license for liquor sales Monday through Saturday. New Subsection 3 provides for an additional license type to allow tax exempt organizations to apply for a license to remain open and sell intoxicating liquor by the drink at retail until 3:00 a.m. each day, including Sunday. New Subsection 4 sets out the \$300 license fee for this type of license.

ATC states that revenues will likely increase from license fees generated from businesses that obtain a license to stay open till 3:00 a.m. There are 354 locations currently licensed with RBDE (retail by drink, exempt) licenses. Based on the number of current licenses issued that are eligible for the tax exempt, 354 licensees could apply for a 3:00 a.m. license. ATC estimates that 50% of those, or 177, would obtain a 3:00 a.m. license. ATC believes at least 60 new licensees will also obtain a license under this section to take advantage of the provision that will allow tax exempt licensees to be open until 3:00 a.m. Therefore, 237 (177 + 60) new licenses issued at \$300 each would generate \$71,100 in additional revenue. In FY 2014, the licenses aren't issued until August 28, 2013; therefore, the licenses would be prorated for ten months generating \$59,250.

ATC also states that cities may charge 150% of state liquor license fees (Section 311.220). Therefore, 237 new licenses issued at \$300 each x 1.5 would equate to \$106,650 in additional revenue to cities.

Counties may charge a fee equal to state liquor license fees (Section 311.220). Based on the above calculations, 237 new licenses issued at \$300 each would equate to \$71,100 in additional revenue to counties.

ATC believes that expenditures necessary to implement this proposal can be absorbed within their current appropriations.

This proposal may increase Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE			
<u>Income</u> - Alcohol and Tobacco Control			
New license to remain open until 3:00 a.m. for certain organizations	<u>\$59,250</u>	<u>\$71,100</u>	<u>\$71,100</u>
ESTIMATED NET EFFECT TO GENERAL REVENUE FUND	<u>\$59,250</u>	<u>\$71,100</u>	<u>\$71,100</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
LOCAL POLITICAL SUBDIVISIONS			
<u>Income</u> - Counties - New license to remain open until 3:00 a.m. for certain organizations (100% of amount the state charges)	\$59,250	\$71,100	\$71,100
<u>Income</u> - Cities - New license to remain open until 3:00 a.m. for certain organizations (150% of amount the state charges)	<u>\$88,875</u>	<u>\$106,650</u>	<u>\$106,650</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>\$148,125</u>	<u>\$177,750</u>	<u>\$177,750</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill allows any charitable, fraternal, religious, service, or veterans' organization that is exempt from federal income taxes and has or is qualified to have a license to sell intoxicating liquor by the drink at retail or on its premises to obtain from the Supervisor of Liquor Control within the Department of Public Safety a special permit for \$300 per year to remain open until 3:00 a.m. each day and to open on Sundays at 9:00 a.m.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Public Safety



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